

FIRST SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO
ALL LDCS

D.T.E. 04-1

Respondent: Elizabeth D. Arangio

Information Request DTE 1-13

- Q. Some market participants propose that LDCs should calculate and release a baseload level of capacity associated with the marketer's load for a year, and only execute monthly recalls and re-releases of incremental levels of capacity, "baseload method of assignment." According to the marketers, this proposed practice will benefit customers and will improve efficiencies for both the LDCs and marketers. In this regard, please:
- (a) discuss whether you would agree with marketers in terms of improved efficiencies and benefits for customers;
 - (b) discuss the potential pros and cons of the base method of assignment respect to the current method of monthly releases and recalls in place.
- A. As stated in KeySpan's Reply Comments, KeySpan currently releases each marketer's full capacity assignment volume through the termination date of each contract. Recalls and re-releases are only made when the aggregation pool served by a marketer increases or decreases its capacity volumes by 150 dekatherms or more requiring an adjustment to the number of capacity blocks released.

Should the Company change to a baseload assignment methodology, it would increase the administrative burden on both the marketer and the Company because (1) the Company would have to maintain two separate capacity assignment pools for each marketer and each contract – the "baseload pool" and the "incremental pool" and (2) the marketers would be doubling their nominations for each contract-one nomination for the baseload contract and one for the incremental contract. Doubling the nominations would be a tremendous administrative burden for the marketers as it would be more time consuming as well as potentially increase the chance of nominating errors. In addition, the LDCs would be required to record and confirm the additional nominations by contract. Furthermore, it would seem that creating these two distinct pools per contract would lend itself to more fragmentation of capacity, which was one of the primary concerns raised by the marketers.

It is KeySpan's belief that the current methodology used by the Company when a marketer's capacity assignment block changes allows for the greatest efficiency for

all parties. KeySpan's method of recalling and re-releasing the entire volume on the respective contract(s) allows the marketers to make one nomination per contract and the LDC's to make one confirmation per contract. The marketers can rely on these capacity contracts to be available to them through the end of the contract term (many of which are multi-year) or until their capacity assignment pool is diminished through the reduction of customers.